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# NOTICE OF CONFIDENTIALITY RIGHTS: A NATURAL PERSON MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION BEFORE IT IS FILED IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

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## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 27th day of October, 2008, between Richard Canterbury and Teresa Canterbury, husband and wife Lessor (whether one or more), whose address is: 8801 St Annes Ct, Fort Worth, Texas 76179, and XTO Energy Inc., whose address is: 810 Houston St., Fort Worth, Texas 76102, Lessee, WITNESSETH:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced Tarrant, State of Texas, and is described as follows:

Being 0.40 acres of land, more or less, out of the Dempsey C. Pace Survey, Abstract No. 1245 and being Lot 21, Block 2 of The Highlands Phase II, an Addition to the City of Fort Worth, Tarrant County, Texas, according to Plat recorded in Cabinet A, Slide 3555, Plat Records, Tarrant County, Texas, and being more particularly described in a General Warranty Deed, dated July 2, 1997 from Opulent Enterprises Ltd., A Texas Limited Partnership to Richard Canterbury and wife, Teresa Canterbury, and recorded thereof in Volume 12834, Page 172, Deed Records, Tarrant County, Texas, and amendments thereof, including streets, easements and alleyways adjacent thereto, and any riparian rights.

## SEE ADDENDUM FOR ADDITIONAL PROVISIONS

This is a non-developmental Oil & Gas Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
- no cessation for more than ninety (90) consecutive days.

  3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal market price of such 1/4 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted 1/4 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when said land to the market produced in the market value, at the mouth of the well, or (2) when used by Lessee off said land or in the all other minerals mined and marketed or utilized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the all other minerals mined and marketed or utilized by Lessee from said land, one-tent filter in kind or value at the well or mineral lessees effection, time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of on said land for so long as said wells are shut-in, in the lease shall, no eventheless, continue in force as though operations were being conducted exercise of such dilagence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, times after the expiration of the primary term, all such wells are shut-in, for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall make like payments or tenders at or before the expiration of said ninety day period, Lessee shall make like payments or tenders at or before the expiration of said ninety day period, Lessee shall make like payments or tenders at or before the expiration of said ninety day period flow consecutive days, and during such time there are no royalty, a sum equal to one dollar (\$1.00) for each are o
- payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

  4. Lessee is hereby granted the right, at its option, to pool or unlize any land covered by this lease, severally as to acreage owned by each.

  4. Lessee is hereby granted the right, at its option, to pool or unlize any land covered by this lease, severally as to acreage owned by each, and offer any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, always one or more horizons, or existing units may be enlarged as to (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced time established, or after enlargement, are permitted or required uniterary governmental rule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required by such governmental order or rule. Lessee shall exercise said option as to each desired unit effective as of the date provided for in said instrument or instruments but if said instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filled of record. Each of said options may be exercised by Lessee at any land, or on the portion of said land included in the unit, or on other fand unitized therewith. A unit established hereunder shall be valid and effective pooled or unitized. Any operations conducted on any part of such unitized therewith. A unit established hereunder shall be valid and effective royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit for minerals from the unit, after deducting any used in lease or unit operat

this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the nart of the leased premises

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral,
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement change or division in the ownership of said land or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breached this contract. Lessee shall then have sixty (60) days after receipt precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to the and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, operations conducted at a surface location off of said land or off or lands with which said land are pooled in accordance with this lease, under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing except as expressly stated.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

ESSOR(S) BY: Richard Canterbury STATE OF TEXAS }

COUNTY OF TARRANT

(ACKNOWLEDGMENT FOR INDIVIDUAL)

This instrument was acknowledged before me on the 27th day of October, 2008 by Richard Canterbury and Teresa Canterbury, husband

CHADLER C. CAMPBELL Notary Public, State of Texas My Commission Expires August 28, 2011

SS.

Signature (. Campbell)

Printed Chadler C. Campbell

My commission expires:

#### **ADDENDUM**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED THE 27 DAY OF LESSEE, COVERING 0.40 ACRES OF LAND, MORE OR LESS, OUT OF THE DEMPSEY C. PACE SURVEY, A-1245, IN TARRANT COUNTY, TEXAS.

THE PROVISIONS OF ADDENDUM SUPERSEDE COMPLETELY ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH THIS ADDENDUM IS ATTACHED.

- Minerals Covered. Notwithstanding any other provision hereof, this lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons and their constituent elements produced through a well bore.
- 16. Gas Royalty. (a) Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then graveling in the same field, then in the nearest field in which there is such a prevailing price) for production of similar be twenty five percent (25%) of the proceeds realized by Lessee from the sale thereof, computed at the point of sale, unaffiliated third party deductions described below; provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) Lessee commences its purchases hereunder.
  - (b) Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the higher of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substances produced and saved hereunder which are sold to Lessee, or an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the products so sold and the proceeds received by Lessee for said products. Notwithstanding anything to the contrary herein, except for nonaffiliated third-party charges incurred or paid by Lessee, in no event shall any of Lessor's royalty bear any part of the costs of production or any post-production costs, including costs of lifting, gathering, dehydration, compression, separation, delivery, transportation, manufacture, processing, treating or marketing, or for construction, operation or depreciation of any plant or other facility or equipment for processing or treating oil or gas produced from the leased premises or lands pooled therewith. In no event shall Lessor receive a price greater than or less than Lessee in sales to nonaffiliates.
  - (c) As used herein, "affiliate" means (i) a corporation, joint venture, partnership or other entity that owns more than ten percent (10%) of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting interest; or (ii) a corporation, joint venture, partnership or other entity in which, together with Lessee, more than ten percent (10%) of the outstanding voting interest of both the Lessee and the other corporation, joint venture, partnership or other entity is owned or controlled by the same person or group of persons.
- 17. Shut-in Royalty. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this Lease. A well that has been drilled but not fraced shall be deemed capable of producing in paying quantities. If for a period of ninety (90) pay shut-in royalty of twenty five dollars (\$25.00) per acre then covered by this Lease on or before the end of said 90-day period and thereafter on or before each anniversary of the date the first payment is due; provided, however, that wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period expressly understood and agreed that after the expiration of the primary term, Lessee shall not have the right to vears.
- 18. No Surface Operations. It is hereby agreed and understood that there shall be no drilling activities on the surface of the leased premises without the prior written permission from the surface owner of the applicable portion of the leased premises. Notwithstanding the foregoing, this waiver of surface shall not be construed as a waiver of the rights of explore for, develop and produce oil, gas and other covered minerals under this lease shall have the right to exploit, off the leased premises, including, but not limited to, directional or horizontal drilling activity which comes under the instruments other than this lease.
- 19. Vertical Pugh. Upon the expiration of the primary term of this Lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this Lease shall terminate as to all rights lying below one hundred feet (100') below the stratigraphic equivalent of the deepest formation drilled.
- 20. No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given every opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. All warranties that might arise by common law or by statute, including but not limited to Section 5.023 of the Texas Property Code (or its successors), are excluded. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties (including or not owned by Lessor) shall be paid out of the royalty herein provided. Lessor will use all its reasonable efforts to assist Lessee to subordinate any rights of a mortgage holder to perfect the Lessee's rights under this lease; provided, however, any necessary subordination shall be obtained by Lessee at Lessee's sole expense. In the event Lessee is interest and other charges on the Land superior to this Lease, and in the event Lessee does so, Lessee will have the rights of the holder thereof.

- Indemnity. Lessee hereby releases and discharges Lessor and the owner of the surface estate, along with 21. their officers, employees, partners, agents, contractors, subcontractors, guests and invitees, and their respective heirs, successors and assigns (collectively the "Lessor Parties"), of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, Incidental to or resulting from, the operations of or for Lessee on or under the leased premises or at the drill site or operations site or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties against any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, statute or strict liability, including attorney fees and other legal expenses, including those related to environmental hazards on or under the leased premises or at the drill site or operations site or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities in, on or under the leased premises or at the drill site or operations site; those arising from Lessee's use of the surface or subsurface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees and their respective successors and assigns. Each assignee of this Lease, or of an interest herein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties in the same manner provided above in connection with the activities of Lessee, its officers, employees and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS LEASE SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE.
- Noise levels associated with Lessee's operations related to the drilling, completion and reworking of wells shall comply 22. with the City of Fort Worth Drilling Ordinance, as amended.
- Limited Power of Attorney to Obtain Subordination Agreement. By the execution of this Lease, Lessor does 23. hereby appoint and designate Lessee, its successors and assigns, as its attorneys-in-fact solely for the limited purpose of allowing Lessee to contact Lessor's lender or mortgagor (if any) on behalf of Lessor to obtain a lien subordination agreement or other similar document for purposes of subordinating any mortgage on the leased premises to Lessee's interests in this lease. Lessee will mail a copy of the executed and recorded lien subordination agreement or similar agreement when finalized. When Lessee has finalized its lien subordination agreement or similar agreement with Lessor's lender or mortgagor, this limited power-of-attorney to the Lessee shall in all respects terminate and automatically be revoked. Lessee shall bear any and all costs associated with obtaining any such lien subordination agreement or similar agreement.
- Waiver of Claims as to Gas Lease Committee and Acknowledgement of Independent Legal Advice. Lessor 24. acknowledges that the terms of this Lease, the amount of royalty and bonus paid hereunder, and other terms negotiated with Lessee with respect to this Lease (the "Negotiated Terms") were obtained as a result of negotiations between Lessee and a group known as the Greater Lake Country Gas Leasing Task Force ("GLCGLTF"), which consisted of a committee of unpaid volunteers, including Brad Shaw, Carl Wilson, Dick Deatrick, Dennis Shingleton, Nora Donavan, Margaret Hamlin, Jim Usher, Cecilia Valdez, Phil Fox, Craig Zieres, Dave Newell, Ginger Mayronne, Robert Fife, Fred Villarreal (the "GLCGLTF Gas Lease Committee"). In consideration of the efforts of the GLCGLTF in negotiating and obtaining the Negotiated Terms, Lessor, individually and on behalf of Lessor's agents, representatives, family members, predecessors, successors, heirs and assigns, hereby releases and forever discharges GLCGLTF, the GLCGLTF, and any of GLCGLTF's or the GLCGLTF Gas Lease Committee's members, agents, and representatives, specifically including any attorneys engaged by the GLCGLTF Gas Lease Committee to facilitate the solicitation of bids and negotiation of lease terms (the "GLCGLTF Releases"), of and from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorney's fees, and liabilities of any nature whatsoever, whether based on contract, tort, statute or other legal or equitable theory of recovery, whether known or unknown, which Lessor has, has had, or claims to have against the GLCGLTF Releases, which arise out of or relate to (a) the Negotiated Terms, (b) the negotiation of the Negotiated Terms, or (c) the inclusion and/or omission of any terms within the Negotiated Terms. Lessor further acknowledges and represents that (a) the GLCGLTF Releases have not acted as Lessor's agent in connection with this Lease; (b) Lessor, in making the decision to enter into this Lease, has not relied upon any statements or representations, if any, of the GLCGLTF Releases regarding the terms of this Lease; and (c) Lessor's decision to enter into this Lease is the independent and voluntary decision of Lessor after being given the opportunity to have said Lease reviewed by counsel of Lessor's choosing.

Executed on the date first written above.

ichard Canterbur